

~~SECRET~~
~~CONFIDENTIAL~~

Copy # 3
of 3

Management Survey Report of
Finance Division,
Special Support Staff

1. Scope of Survey

At the request of the Chief, Special Support Staff, the Management Staff was requested to make a survey of the Finance Division to analyse, evaluate and make recommendations on organization procedures, workload, forms, practices and personnel requirements. Work measurements and procedures studies were conducted with working personnel and later reviewed by the Chief and Assistant Chief as to the correctness of the findings.

2. Findings

a. The Finance Division was first established in the Office of Special Operations as the Special Funds Branch, later transferred to Budget and Fiscal Office as the Confidential Funds Branch in January 1949. More recently it was transferred to the Special Support Staff as the Finance Division. Many of the present difficulties and deficiencies can be attributed to the changes in concept of operations that occurred during the foregoing reorganizations.

b. While operating as the Special Funds Branch, Office of Special Operations, the processing of financial transactions was accomplished with a minimum review which determined that a transaction had been directed, was properly approved, and the expense appeared to be reasonable. Later the Division was transferred to the jurisdiction of the Budget and Finance Office with the function of administering all Agency confidential funds under an entirely new concept and under much more detailed regulations without any increase in personnel.

c. Operating under the new concept of operations and more stringent regulations it soon became apparent that new organizational units and procedures were required to perform detailed audits and render service required in accordance with Agency policies and regulations, standardized government travel regulations, Comptroller General's Decisions, etc. This did not materially reduce the workload of other sections or personnel who previously performed such duties but merely reflected the increased time required to process accounts in accordance with the more detailed regulations.

d. The greatly increased workload created primarily by the expansion of OFC and a change in the type of financial servicing required by OSO has reached the point where the Finance Division is doing everything possible within their present personnel strength to provide service to covert offices at the expense of lowering their standards of performance in carrying out their functions of audit and accounting.

~~CONFIDENTIAL~~

~~SECRET~~

~~SECRET~~

Approved For Release 2002/02/11 : CIA-RDP78-05252A000300020048-2

e. The use of commercial cover for covert agents and projects is steadily increasing. This type of operation contributes greatly to the work of the Finance Division. For example, accounts of staff employees can be processed in volume by employees at an appropriate grade level whereas the processing of covert agent and project accounts particularly those under commercial cover require special handling by a certifying officer or a trained assistant in the higher administrative grades.

f. We find, that trainees, unless they are in the Finance Division six months or more provide little or no productive work. Actually it has added to the workload of supervisors. A trainee cannot work on covert projects because of the complexities of such projects. Even when a trainee is assigned to the Bookkeeping Section for one month's training it is problematical if you will receive two weeks of productive work. Trainees cannot be used to compute foreign allowances for the short period they may be assigned to the Payroll Branch.

g. There has been considerable overtime work required to perform normal audit and accounting functions which the Finance Division is unable to accomplish during the regular workday. Special handling of OSO-OPC transaction such as preparation of travel vouchers, processing advances and travel orders on an urgent basis, together with the handling of covert OSO-OPC transaction on a need to know basis does not lend itself to a smooth and efficient operation.

h. The Finance Division has continued to review their operations toward improvements, many of the deficiencies existing are known and have been known to the supervisors for some time. Lack of personnel and sufficient time on the part of the supervisors of the Division are the primary reasons why corrective measures have not been implemented.

3. Major Deficiencies in the Operation

a. Class "A" field accounts are not audited and certified as required by regulations. Lack of sufficient personnel in the Finance Division and the fact that trained finance officers are disbursing funds at these Class "A" installations are the reasons advanced for noncompliance with regulations.

b. Accounting reports on expenditures rendered to operational offices are not adequate in that they do not reflect current total expenditures and obligations against allotments.

c. There is inadequate provision for handling audit exceptions, these are now being handled under the personal guidance of the Office of the Chief.

d. Travel and other advances of money are not being properly followed-up and settled as required by regulations.

Approved For Release 2002/02/11 : CIA-RDP78-05252A000300020048-2

~~SECRET~~

~~SECRET~~

- e. There are inadequate provisions for follow-up and maintaining leave records on field personnel on a current basis.
- f. There is an urgent need for an indexing system on regulations, decisions, opinions, etc., which must be readily available to certifying officers and auditors if they are to properly perform their duties.
- g. The practice of the Chief, Finance Division, signing as the Contracting Officer on covert projects or agent contracts is basically unsound since he is a party to a contract and at the same time he is responsible for the audit of expenses incurred under the terms of the contract.
- h. The Registry can be very helpful in the operations of the Finance Division since all correspondence, vouchers, etc., can be tied to either a project, station, or individual. However, the Registry is not serving as such in the Division. Branches are maintaining files which could best be utilized by auditors and certifying officers if the files are consolidated in one place. This has been discussed with the Assistant Chief who concurs and has requested upon approval of the new organization and T/O a further study be made of the filing system.

4. Contributing Factors to the Deficiencies

- a. Due to the covert nature of the accounts, Certifying, Audit and Liaison Branch personnel are required to spend approximately one-half of their time on liaison activities. (See Exhibit E.)
- b. The policy of auditing and certifying in Washington all allowances and travel expenses incurred overseas prior to payment being authorized overseas, results in considerable expense and time in preparing cables and correspondence to the field requesting information and/or authorizing payment.
- c. The fact that the Chief and Assistant Chief of the Finance Division are appointed as agent cashiers and must execute all checks drawn against their accounts makes for unnecessary reviews and flow of papers. (See Exhibit D.)
- d. Broad and general provisions in covert agent contracts cause much misunderstanding and discussions between the certifying officer and the Divisions before a determination can be made as to whether an item of expense is proper.
- e. Delays in processing field accounting reports on a current basis are partially caused by delay on the part of operating divisions in returning the reports which are forwarded to them for review and approval.
- f. All of the overt operating offices have one or more unvouchered projects, however, due to their unfamiliarity with Confidential Funds Regulations it becomes a practice of special individual handling by the certifying officer in assisting in the preparation of vouchers.

~~SECRET~~

~~SECRET~~

g. Agency Decisions and Directives on certain functions to be performed with confidential funds have failed to recognize the additional workloads placed on the Finance Division, i.e.

(1) The decision that all travel of OSO and OFC personnel and field agents of the Contact Division and Inspection and Security would be paid from confidential funds has increased the workload of the Travel Section to the extent that considerable overtime is required to process vouchers on a reasonable current basis.

(2) A recent decision that the practice of having one local packing firm pack and ship household effects of Agency personnel proceeding abroad be discontinued, will result in considerable additional vouchers to be processed in the Finance Division. The new plan necessary for security reasons would advance the employee sufficient funds to pay for the crating and shipping, who in turn will submit receipts as the funds are expended. Instead of receiving one billing a month from a local storage and packing firm it is conceivable that one to ten different receipts may be submitted by each traveler all of which must be audited and credited to the advance account.

5. Conclusions

In the opinion of this analyst the following are the basic problems existing in the Finance Division which must be corrected before the Finance Division will be able to function as a smooth and efficient operation.

a. The covert offices are insistent that accounts and projects be processed on an "individual need to know basis" with documentation and information being available to the Finance Division only to the limit that they (the operations officers) deem it permissible within the security aspects of the project or account. On the other hand, the control and regulations governing the use of confidential funds are becoming more stringent and in greater detail. Consequently the employees of the Finance Division, all loyal and conscientious workers who are endeavoring to provide maximum service to operations at the expense of forsaking and/or delaying their equally important function of audit and accounting, are going to be just as insistent that more information and documentation be made available to them prior to processing and certifying expenditures.

The above situation will result in operations protesting they are not getting service and support and that the security of their operations is being jeopardized by this demand for information and documentation. As opposed to the foregoing, the Finance Division and the Agency itself without a good business system of control and accounting of funds are vulnerable to criticism and exceptions since the avenue is widened for incorrect and over-payments, possible collusion and fraud.

~~SECRET~~

SECRET

Approved For Release 2002/02/11 : CIA-RDP78-05252A000300020048-2

b. The Finance Division is understaffed to provide the service and to perform the basic functions which they are presently responsible for.

c. The Chief and Assistant Chief are required to devote more and more of their time in assisting the covert offices in the planning of operations with little time available for the internal planning and supervision of their own office.

6. Recommendations

a. That the provision for a Disbursing Officer to be designated as an agent cashier be approved. This will relieve the Chief and Assistant Chief, Finance Division, of the tasks of reviewing routine vouchers which have been audited and certified by high level certifying officers. Creation of this position will provide for a more efficient processing of vouchers (see Exhibit D) and will allow more time to the Chief and Assistant Chief for supervision and planning.

b. The Budget Officer review the current arrangements with U. S. Disbursing Officer with respect to the procedures on how the Agency requisitions and accounts for confidential funds and determine what changes should be made, if any. The requirement that agent cashiers render an accounting three times monthly appears to be excessive.

c. Consideration be given to the practicability of assigning certifying officers to foreign stations of a Class "A" status.

d. The Budget Officer define explicitly the type and content of monthly reports required on expenditures of confidential funds. A survey has been initiated by the Budget Officer since the first draft of this report was prepared.

e. The designation of the Chief, Finance Division, as the Contracting Officer on agent contracts be rescinded. We recommend that this authority be vested in the Chief, Special Support Staff.

f. That a control system be established for the follow-up and settlement of advances and audit exceptions.

g. Current instructions issued to the field should be revised to the extent that they are current and consistent with Agency and other applicable government regulations.

h. A responsible officer should be designated to plan, schedule and conduct the on the job training programs for new employees proceeding to foreign stations as finance officers or clerks.

Approved For Release 2002/02/11 : CIA-RDP78-05252A000300020048-2

SECRET

~~SECRET~~

Approved For Release 2002/02/11 : CIA-RDP78-05252A000300020048-2

i. The system of maintaining accounts including payroll accounts should be converted to a machine operation at the earliest possible date. The increasing requirements for reports on expenditures and allotments under present conditions can only be accomplished at the expense of creating backlogs in the processing of field accounts and domestic expense vouchers. This project is now under study by the Machine Records Division, OCD, and the Special Support Staff.

j. A statement of functions on the branch and section level be prepared by the Chief, Special Support Staff, and submitted to the Management Staff for review.

k. The proposed new organization will eliminate many informal routing forms and memoranda. As discussed during the course of the survey, the Finance Division will review all forms for possible consolidation and/or elimination.

l. The organizational structure (Exhibit B) be approved.

m. The number of positions (Exhibit A) providing an over-all increase of [REDACTED] positions be approved subject to classification review by the Employees Division and final approval by the Personnel Director.

25X9

Attachments: Exhibit A - Proposed and Present T/O
Exhibit B - Organizational Chart
Exhibit C - Flow Chart - Processing Travel Vouchers
Exhibit D - Flow Chart - Processing Vouchers
Exhibit E - Workload and Other Data

Approved For Release 2002/02/11 : CIA-RDP78-05252A000300020048-2

~~SECRET~~